

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 3116

C O N F I D E N T I A L ROME 9864

E.O. 11652: GDS
TAGS: PGOV, PINT, IT
SUBJ: TOUR D'HORIZON WITH PRIME MINISTER ANDREOTTI

1. DURING MAY 26 CALL ON PRIME MINISTER ANDREOTTI, BEFORE
RAISING A NUMBER OF SUBJECTS, I EXPRESSED THE ADMIRATION
OF THE UNITED STATES GOVERNMENT FOR THE STEADFASTNESS AND
STRENGTH OF PURPOSE DEMONSTRATED BY THE ITALIAN GOVERNMENT
DURING THE TRAUMATIC PERIOD OF ALDO MORO'S CAPTIVITY AND
ASSASSINATION.

2. DEFENSE MINISTER RUFFINI TO STAY. REFERRING TO
PREPARATIONS FOR THE FORTHCOMING NATO SUMMIT, I EXPRESSED
OUR GRATITUDE FOR THE STRONG SUPPORT DEMONSTRATED BY
DEFENSE MINISTER RUFFINI FOR THE ATLANTIC ALLIANCE BY HIS
COURAGEOUS DECISION TO SEEK PARLIAMENTARY SUPPORT FOR A
SUBSTANTIAL ITALIAN CONTRIBUTION TO AWACS, AS WELL AS FOR
THE GOI SUPPORT FOR THE LONG TERM DEFENSE PLANNING PROGRAM.
THESE DECISIONS DEMONSTRATED ITALY'S CONTINUED STRONG
ATTACHMENT TO NATO. I SAID THAT WE HAD GREAT RESPECT FOR
DEFENSE MINISTER RUFFINI AND WERE SORRY TO HEAR THAT
HE MIGHT BE MOVING ON TO ANOTHER CABINET POSITION.
ANDREOTTI SAID THIS WOULD NOT HAPPEN, THAT RUFFINI
WAS MUCH TOO VALUABLE WHERE HE IS, THAT HE HAD
GAINED STATURE AT NATO AND HAD WON THE LOYALTY AND
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SUPPORT OF THE ITALIAN ARMED FORCES.

3. ITALIAN POLITICAL SITUATION. IN RESPONSE TO MY
REQUEST FOR HIS EVALUATION OF THE POLITICAL SITUATION,
ANDREOTTI SAID THE GOVERNMENT WAS PLEASED WITH THE
ELECTORAL RESULTS. I ASKED WHETHER ANY IMPORTANT
CHANGES IN THE DOMESTIC POLITICAL SITUATION WOULD

EMERGE FROM THESE ELECTORAL RESULTS. ANDREOTTI SAID HE PREDICTED NO PARTICULAR CHANGES. HOWEVER, THE ELECTIONS WOULD PROBABLY HAVE TWO EFFECTS. FIRST, THEY MIGHT CAUSE THE PCI TO BE TOUGHER, ESPECIALLY IN TRADE UNION ATTITUDES. SECOND, IT MIGHT IMPEL THE PSI TO DEVELOP ITS AUTONOMY. THE PRESENT SITUATION COULD PROVIDE CRAXI WITH AN OPPORTUNITY TO MOVE THE SOCIALISTS FURTHER AWAY FROM THE COMMUNISTS. I COMMENTED THAT IN A RECENT CONVERSATION CRAXI HAD ASSURED ME OF HIS DESIRE TO ESTABLISH HIS PARTY'S AUTONOMY FROM THE PCI--TO ESTABLISH A TYPE OF SOCIAL DEMOCRATIC PARTY. ANDREOTTI SUGGESTED THAT SUCH AN EVOLUTION COULD BE VERY HELPFUL TO THE CHRISTIAN DEMOCRATS. I ASKED ANDREOTTI WHETHER HE AGREED WITH THE NOTION THAT THE PCI HAD SUFFERED A SETBACK BECAUSE OF ITS IDEOLOGICAL CONNECTION WITH THE RED BRIGADES. ANDREOTTI SAID HE ATTRIBUTED THE SETBACK MORE TO THE FACT THAT THE PCI HAD NOT WAGED A CHARACTERISTICALLY HARD LINE CAMPAIGN, SUGGESTING THAT PERHAPS ITS RELATIONSHIP WITH THE DC HAD MADE IT APPEAR SOMEWHAT COMPROMISED. ANDREOTTI ACKNOWLEDGED THE HISTORIC SIMILARITIES IN IDEOLOGICAL ATTITUDE BETWEEN THE PCI AND THE RED BRIGADES, BUT ASSERTED THAT MOST ITALIANS BELIEVE THAT THE PCI IS HOSTILE TO THE RED BRIBADES.

4. ECONOMIC PROSPECTS. HOWEVER PLEASED THE GOVERNMENT
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IS WITH THE ELCTORAL RESULTS, SERIOUS ECONOMIC PROBLEMS REMAIN. HIGH UNEMPLOYMENT IS THE TOP PRIORITY PROBLEM. HE SPOKE IN ADMIRING TONES ABOUT THE CARTER ADMINISTRATION'S EFFORTS TO SOLVE UNEMPLOYMENT PROBLEMS IN THE UNITED STATES. ANDREOTTI SAID HE HAD JUST RECIEVED A DETAILED BRIEFING ABOUT THE US PROGRAM, ADDING THAT ON JUNE 1 HE EXPECTED TO SEE NEW YORK STATE SENATOR JOHN MARCHI HOPEFULLY TO LEARN SOMETHING ABOUT NEW YORK'S PROGRAM FOR COMBATTING UNEMPLOYMENT. THE GOVERNMENT ALSO HOPED TO DEAL VIGOROUSLY WITHIN THE NEXT SIX MONTHS WITH THE PROBLEMS OF HIGH LABOR COSTS AND PUBLIC SECTOR DEFICIT. THE DEFICIT WAS TOO LARGE AND THE GOVERNMENT INTENDED TO TAKE MEASURES TO HOLD DOWN OPERATING EXPENDITURES. HE SAID THAT THE GOVERNMENT HOPED TO HAVE BY THE YEAR-END A FOUR PER CENT GROWTH RATE, WHILE NOT EXCEEDING AN INFLATION RATE OF FOURTEEN PER CENT. THE GOVERNMENT WILL TRY TO FIND NEW PROGRAMS FOR STIMULATING EMPLOYMENT. I COMMENTED ON THE JUST ANNOUNCED FIAT EXPANSION DECISION, WHICH WOULD PROVIDE NEW EMPLOYMENT. ANDREOTTI SAID IT WAS HELPFUL, ADDING THAT EXPANSION MIGHT OCCUR IN THE ABRUZZI OR LAZIO. HE EMPHASIZED IN THIS RESPECT THAT IT WAS IMPORTANT TO AVOID CREATING NEW FACTORY CITIES

IN THE PROCESS OF BUILDING LARGE NEW PLANTS. THE GOVERNMENT HAD LEARNED AN IMPORTANT LESSON IN CASSINO, WHERE THE DC NOW HAD AN ABSOLUTE MAJORITY FOR THE FIRST TIME. A FACTORY PROVIDING EMPLOYMENT FOR SEVERAL THOUSAND WORKERS HAD BEEN CONSTRUCTED NEARBY BUT THE WORKERS CONTINUED TO LIVE IN THE SURROUNDING VILLAGES, THEREBY PRESERVING A TRADITIONAL FAMILY LIFESTYLE AND AVOIDING THE CROWDED CITY CONDITIONS CONDUCIVE TO PCI EXPLOITATION.

5. INTERIOR MINISTRY. ANDREOTTI ALSO TOLD ME THAT HE PLANS TO RETAIN DIRECT RESPONSIBILITY FOR THE INTERIOR MINISTRY AT LEAST UNTIL AFTER THE JUNE 11 REFERENDUM. COMMENT: THE PRESS SPECULATES THAT ANDREOTTI MAY NOT CONFIDENTIAL

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APPOINT A NEW MINISTER UNTIL AFTER THE LATE JUNE REGIONAL ELECTIONS IN FRIULI VENEZIA GIULIA. GARDNER

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